

Upper-Lower River Road Water and Sewer District  
300 – 40<sup>th</sup> Avenue South, #29  
Great Falls, MT 59405

EXHIBIT 10  
DATE Jan 31, 2011  
# B 6

January 31, 2011

Long Range Planning Appropriations Subcommittee  
62<sup>nd</sup> Legislative session  
Helena, MT 59601

Dear Committee Members:

The Upper and Lower River Road Water and Sewer District has been working diligently for the past ten years to bring public water and sewer service to a large area on the south edge of Great Falls which heretofor has been saturated with polluted water wells and failing septic systems.

We have now completed three major projects bringing City of Great Falls water and sewer service to a majority of the residents in our District. However, additional areas remain to be served, and we are presently putting together our Phase 4 project which will serve an area populated by a majority of low and moderate income residents. A number of the drinking wells in the Phase 4 area contain high concentrates of nitrates and are at risk of being declared undrinkable.

Our completed projects have all relied upon RRGL and TSEP grants together with grants and loans from other local and federal sources, and we have applied for RRGL and TSEP grants for our Phase 4 project. The grant programs require that the residents who receive service pay a part of the project costs and we have passed three bond elections wherein the property owners have agreed to pay assessments to meet the matching requirements of the grants. The District puts sewer pipes and water mains in public right of ways but residents must provide their service line connections at their own expense. Once City water and sewer service is in place, we have seen a significant increase in new residential construction, remodeling of old structures, and an overall stimulus to the private economy resulting in increased employment and property values.

Our RRGL grant application for our Phase 4 project has been ranked Number 7 out of 112 applications. Our SRF loan application for our Phase 4 project has been ranked Number 5 out of 150 applications.

Thus we view with dismay the Governor's plan to use funds which would normally be allocated to the TSEP Program to pay for deficits in the State's general fund. The Governor has described the TSEP Program as nothing but "earmarks." This

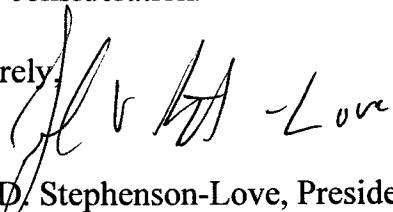
characterization reflects a misunderstanding. "Earmarks" are specific projects funded on the basis of political clout. The TSEP Program, which derives its funds from the Coal Tax Fund, receives applications from all over Montana (59 this year), and ranks them on merit, not politics. The TSEP Program has helped dozens of small water and sewer districts throughout the State of Montana build infrastructure which they could not otherwise afford.

Dollars spent in the TSEP program multiply several fold when projects are completed. Diverting TSEP moneys to fund a deficit in the general fund is not a productive use of these funds. No infrastructure is built, no contracts are let, and there is zero return on investment. We urge that the Governor's proposal to divert the TSEP funds for debt reduction be reversed, and that the Legislature appropriate sufficient funds to pay for all worthwhile TSEP applications, including the application submitted by our Water and Sewer District.

Thank you for your consideration.

Sincerely,

By:

-Love  
John D. Stephenson-Love, President  
Upper and Lower River Road Water and Sewer District

JDS:ama

cc: Shirley Davis  
Crystal Morgan  
ULRRWSD Board